

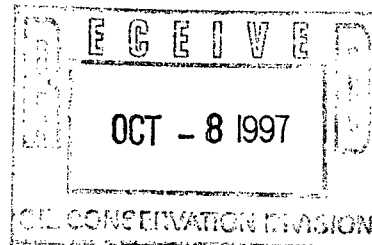


dugan production corp.

October 6, 1997

Mr. William J. LeMay
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87804-2088

RE: Non-Standard Spacing Unit
Thompson Engineering
West Fork # 1
940' FNL, 1560' FWL
Section 14, T26N, R12W
San Juan County, New Mexico



Dear Mr. LeMay:

This office has received a copy of an application to form a Non-Standard Spacing Unit for the West Fork # 1 well. Dugan Production Corp. is an offset operator and wished to advise that we have no objections to an administrative approval of this request.

Please contact the undersigned if there are any questions.

Sincerely,

David M. Poage
Land Manager